Annual Report

for the fiscal year ended March 31, 1990

Alberta
TREASURY

91-03364/

Alberta

The Speaker of the Assembly

Sir:

Pursuant to section 52 of the Legislative Assembly Act, being Chapter L-10.1 of the 1983 Statutes of Alberta, I have the honour to lay before the Assembly the annual report of the Treasury department for the fiscal year ended March 31, 1990.

Respectfully submitted,

Dick Johnston

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I. TREASURY—THE YEAR IN REVIEW

Deputy Provincial Treasurers' Report

Organizational Chart

Functional Responsibility Statements

DEPUTY PROVINCIAL TREASURERS' REPORT

It is a pleasure to report on the activities of the Department for the fiscal year ended March 31, 1990. During the past four years, the Government has pursued a policy of fiscal restraint. This has meant reviewing programs and services, tightening staffing requirements, and exploring productivity improvements. Treasury has been diligent in pursuing expenditure reductions without compromising its standard of excellence.

In its role of providing sound and efficient financial management to the Government, Treasury plays a major role in many government initiatives. The following are some of the highlights of the issues the Department dealt with during the fiscal year.

As part of the sequence of events following the failure of the Principal Group of Companies, agreement was reached between the Province and the Receiver-Manager of First Investors Corporation Ltd. and Associated Investors of Canada Ltd. to purchase real estate assets of those companies. The purpose of the undertaking was to speed up the liquidation process and payments to the investment contract holders. In July, the Government announced a settlement offer to investment contract holders. An information package and, later, a settlement agreement was prepared and sent to the holders of approximately 100,000 investment contracts. By the end of the fiscal year, more than 60,000 of the settlement offers had been received and processed by Treasury.

In June, a new issue of Alberta Capital Bonds was offered to Albertans. Once again it was highly successful, selling $592 million in bonds. Over 136,000 Albertans invested approximately $1.2 billion in the three issues of the Bonds from 1987 to 1989.

Two provincial budgets were presented to the Legislative Assembly during the fiscal year—June, 1989, and March, 1990. The fiscal plan for the province continues to reflect the ongoing commitment to reduce the deficit and to achieve a balanced budget. One of the major responsibilities of the Department is the preparation of the budget plan for the Government. This process involves managing the annual expenditure budget planning and review process, providing fiscal forecasts and economic analyses, and monitoring the plan and fiscal developments throughout the year.

A new Credit Union Act received Royal Assent on August 18, 1989. The new Act replaced previous legislation which was originally proclaimed in 1938. Work also continued on a detailed review of the Trust Companies Act and Regulations with the objective being to develop new legislation governing loan and trust companies in Alberta.

In November, 1989, the Province launched a successful US$750 million seven year note issue in Europe. At the end of the fiscal year, the Province completed arrangements for a ten year US$500 million financing in the United States capital market.

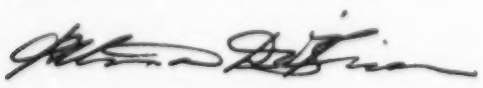
The Alberta Heritage Savings Trust Fund Annual Report reported financial assets of $12.4 billion. Investment income from the Heritage Fund has been transferred to the General Revenue Fund since 1982. The amount transferred in the 1988/89 fiscal year amounted to $1.25 billion or approximately 14 percent of the Province's budgetary revenues.

The Department was responsible for the analysis of the proposed federal Goods and Services Tax, and detailing its effect on Albertan's and the economic growth of the Province. Alberta's analysis was released in a policy paper entitled *Protecting Alberta's Future...Why We Oppose the GST*. In the paper, the Province made recommendations for alternative actions to the federal government.

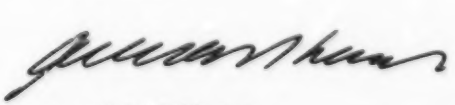
In March, the Public Accounts were released for the year ended March 31, 1989. These Accounts provide consolidated financial statements as well as financial statements of government funds, agencies, and detailed listings of departmental revenues and expenditures each year. Consolidated net expenditures for the fiscal year amounted to $2.015 billion, leaving consolidated net assets of $5.067 billion.

Finally, the Department was actively involved in preparing for the privatization of Alberta Government Telephones which was announced on May 31, 1990.

Our success in discharging our responsibilities is due to the keen professionalism, dedication and hard work of all Treasury staff. We are justifiably proud of the "Treasury Team."

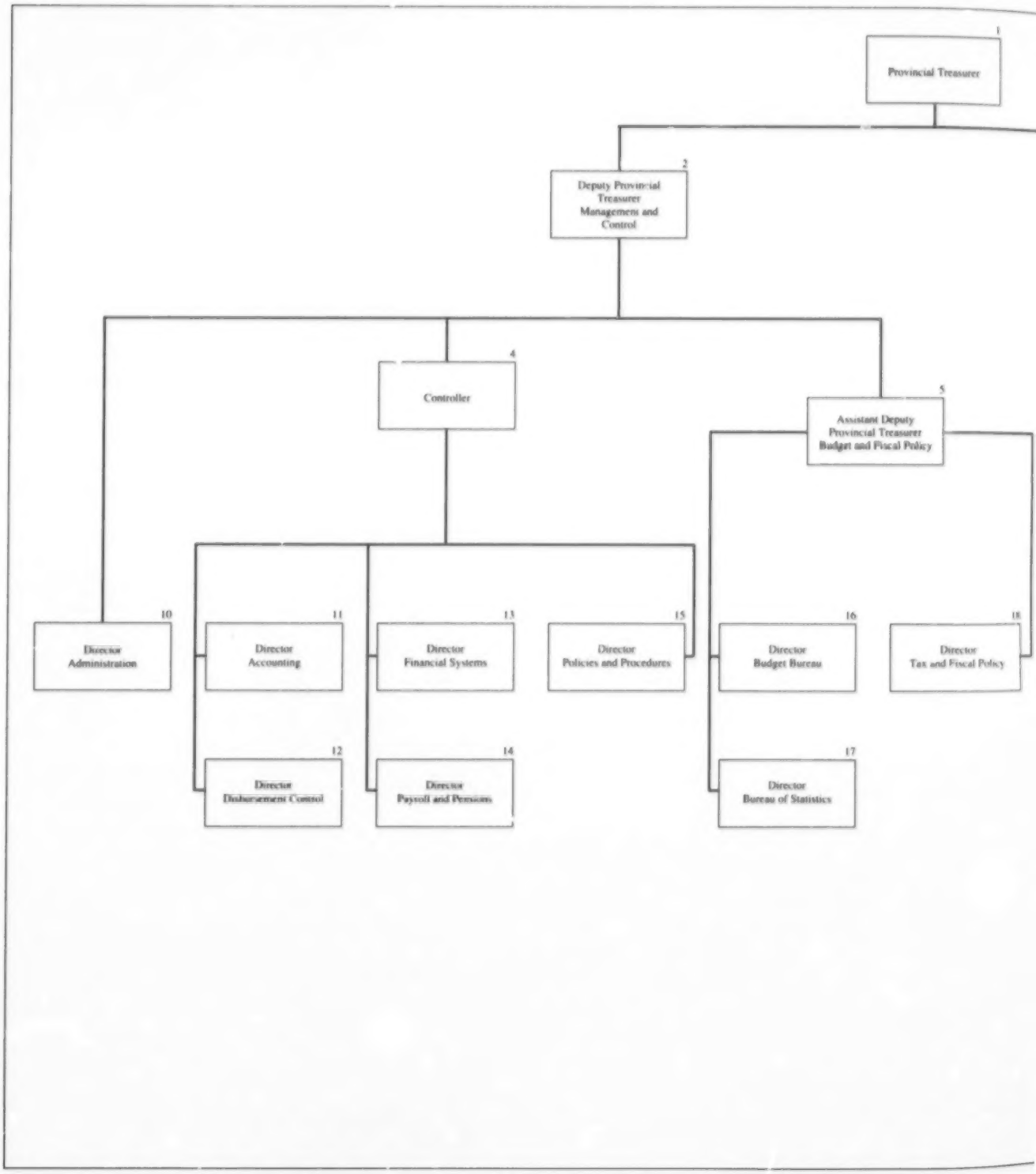


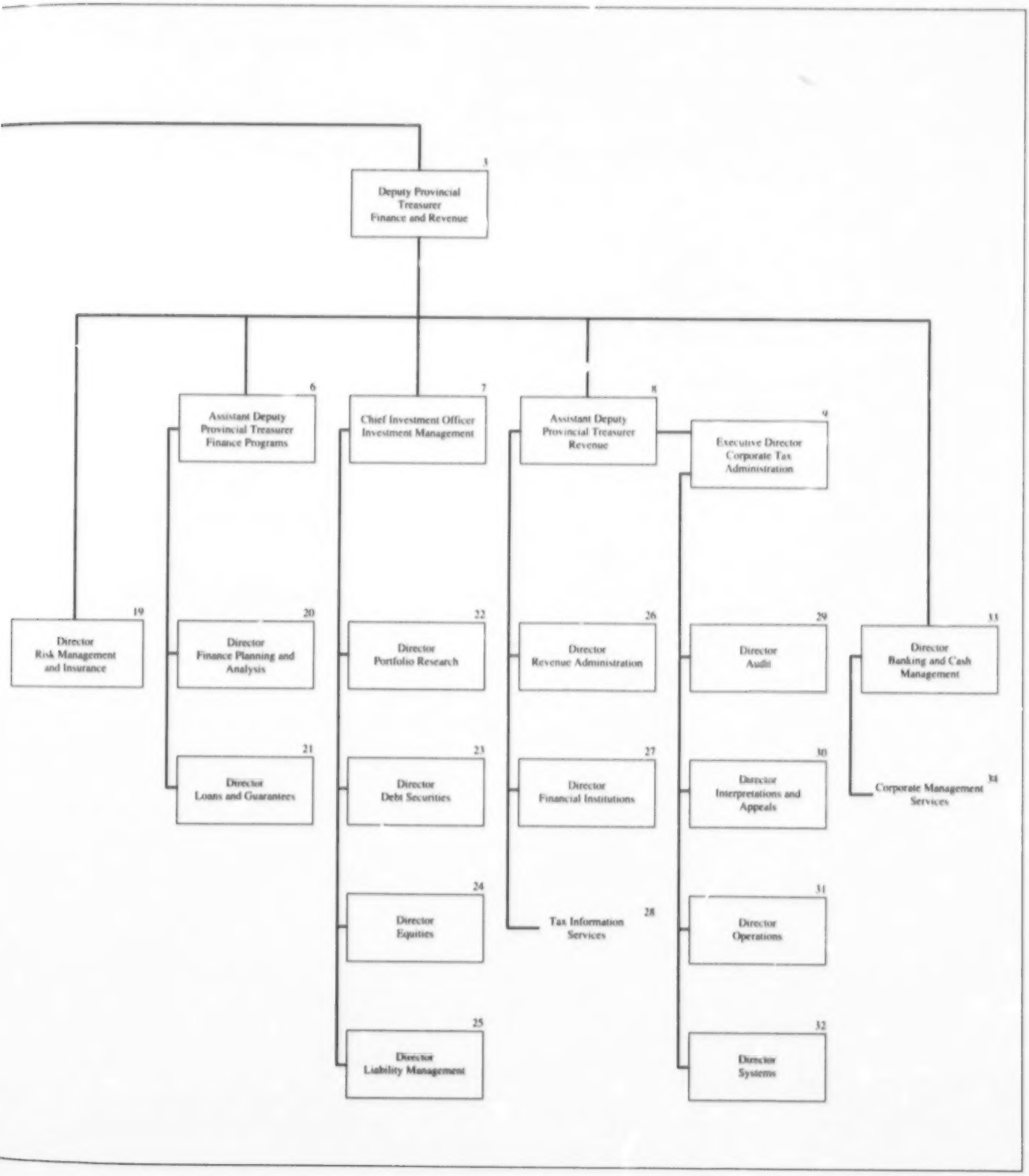
A.D. O'Brien



A.J. McPherson

ORGANIZATIONAL CHART




1
Deputy Provincial Treasurer Finance and Revenue
6
Assistant Deputy Provincial Treasurer Finance Programs
7
Chief Investment Officer Investment Management
8
Assistant Deputy Provincial Treasurer Revenue
9
Executive Director Corporate Tax Administration
19
Director Risk Management and Insurance
20
Director Finance Planning and Analysis
21
Director Loans and Guarantees
22
Director Portfolio Research
23
Director Debt Securities
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Director Equities
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Director Liability Management
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Director Revenue Administration
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Director Audit
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Director Systems
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Director Banking and Cash Management
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Corporate Management Services

FUNCTIONAL RESPONSIBILITY STATEMENTS

1. Provincial Treasurer
The Honourable Dick Johnston

The Provincial Treasurer, in accordance with the provisions of the Financial Administration Act, is responsible for the collection, management, control, and reporting of revenue and expenditure; the regulation of Alberta credit unions, and trust companies; borrowings, investment and cash management; financial and budgetary procedures of the Crown, including the Alberta Heritage Savings Trust Fund; fiscal and economic planning; the development of tax and pension policies; administration of corporate taxation and business incentives; and administration of public sector pension plans.

2. Deputy Provincial Treasurer
Management and Control
A.D. O'Brien

The Deputy Provincial Treasurer, Management and Control, is responsible for financial control and reporting, budget planning and management, intergovernmental fiscal arrangements, tax policy, economic analysis, statistics, public sector pensions, and departmental administrative and financial services.

3. Deputy Provincial Treasurer
Finance and Revenue
A.J. McPherson

The Deputy Provincial Treasurer, Finance and Revenue, is responsible for revenue and corporate tax administration; risk management and insurance programs; banking operations and administration of the Province's financial assets and liabilities, including guarantees, borrowing, Crown agency financing, cash management, and investment management; and the Alberta Heritage Savings Trust Fund.

4. Controller
J.D. Peters

The Controller is responsible for controlling the receipt and disbursement of public funds, prescribing accounting and financial control policies, keeping or prescribing accounting records and systems, preparing the Public Accounts, and administering government pension plans.

5. Assistant Deputy Provincial Treasurer
Budget and Fiscal Policy
L.G. Morrison

The Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy, is responsible for management of the provincial budget review and approval process; provision of research, analysis and recommendations on the Province's fiscal, economic, taxation and pension policies, intergovernmental fiscal relations; and statistics.

6. Assistant Deputy Provincial Treasurer
Finance Programs
(Vacant)

7. Chief Investment Officer
Investment Management
S.J. Susinski

The Chief Investment Officer, Investment Management, is responsible for providing short-term and long-term investment management for various government accounts, and conducting capital market and investment risk analysis.

8. Assistant Deputy Provincial Treasurer
Revenue
A.H. Kalke

The Assistant Deputy Provincial Treasurer, Revenue, is responsible for collection of tax revenues (corporate, tobacco, pari mutuel, fuel, hotel, and insurance); administration of tax incentives and credits; the review of fees and charges; the Alberta Farm Fuel Distribution Allowance and Public Utilities Income Tax Rebates, and collection of past due government receivables; regulation of Alberta credit unions and trust companies; and administration of the Alberta Stock Savings Plan.

9. Executive Director
Corporate Tax Administration
L.H. Landry

The Executive Director, Corporate Tax Administration, is responsible for planning, developing and maintaining operational functions related to the administration of Alberta corporate income tax and related tax credit

programs, the insurance corporations tax and the Alberta Stock Savings plan eligibility program; communicating the provisions, procedures and programs under the legislation and ensuring the quality, effectiveness, and timeliness of public contact.

10. Administration
Director: M.D. Faulkner

Administration is responsible for providing departmental support services, including a comprehensive personnel service, office accommodation, departmental financial service, office automation and records management service, library and research facilities, communication plans and projects, and general administrative support.

11. Office of the Controller
Accounting
Director: R.A.G. Lowen

Accounting is responsible for maintaining the principal financial records of the Government, preparing the Public Accounts, and initiating accounting and financial reporting policy development.

12. Office of the Controller
Disbursement Control
Director: T.W. Burns

Disbursement Control is responsible for the operation of the payment of accounts system for the Province, the control of government expenditures, and the internal audit function of the Department; developing payment policies and responding to vendor enquiries pertaining to government payments.

13. Office of the Controller
Financial Systems
Director: F.V. Scarfone

Financial Systems is responsible for the orderly development, implementation, and support of the Government's integrated financial systems and their interaction with other Treasury and departmental systems.

14. Office of the Controller
Payroll and Pensions
Director: E.J. Wilcox

Payroll and Pensions is responsible for the operation of the central government payroll system, as well as the collection of pension contributions and the administration of benefits for seven government pension plans.

15. Office of the Controller
Policies and Procedures
Director: M.H. Mylod

Policies and Procedures is responsible for developing financial and control policies and procedures. and advising government departments on appropriate financial systems and controls.

16. Budget Bureau
Director: J.R.E. Goodkey

Budget Bureau is responsible for providing policy analysis and recommendations on matters affecting the Government's expenditure budget (General Revenue Fund, Alberta Capital Fund, and the Alberta Heritage Savings Trust Fund - Capital Projects Division).

17. Bureau of Statistics
Director: H.W. Ford

The Bureau of Statistics is responsible for collecting, developing, and distributing economic and social data for use by government departments, other institutions, the business community, and the general public.

18. Tax and Fiscal Policy
Director: G.K. Robertson

Tax and Fiscal Policy provides analysis and recommendations on policies related to Alberta's fiscal and economic situation including tax and pension policy, and intergovernmental fiscal relations; prepares the annual Budget Address; designs revenue measures, and develops tax and pension legislation.

19. Risk Management and Insurance
A/Director: R.W. Whitehouse

Risk Management and Insurance, in accordance with certain provisions of the Financial Administration Act and its Regulations, administers a financial control program to protect, secure, and preserve public assets against risk of accidental loss.

20. Finance Planning and Analysis
Director: R.A. Bhatia

Finance Planning and Analysis provides financial and policy analysis and recommendations on Heritage Fund plans, Crown corporation capital budgets and financing, financial sector policy, major project investments, and other issues.

21. Loans and Guarantees
Director: G.H. Kinsman

Loans and Guarantees is responsible for managing government loans and guarantee programs.

22. Investment Management
Portfolio Research
Director: R.C. Kamp

Portfolio Research is responsible for economic research and forecasting for the division, capital market analysis, asset mix monitoring and performance measurement, as well as managing a number of investment portfolios.

23. Investment Management
Debt Securities
Director: J.M. Husken

Debt Securities is responsible for the public debt investing activities of the division, including the development of market strategy and the monitoring of the debt market, as well as managing a number of investment portfolios.

24. Investment Management
Equities
Director: J.M. Campbell

Equities is responsible for the public equity investing activities of the division, including the development of equity strategy and the monitoring of the equity markets, as well as managing a major portfolio.

25. Investment Management
Liability Management
Director: J. Parihar

Liability Management is responsible for co-ordinating all market activities related to the Province's borrowing requirements and outstanding debt, and maintaining continuous market strategy programs to ensure that borrowing costs are at minimum levels.

26. Revenue Administration
Director: L. Huisman

Revenue Administration collects consumer taxes, receivables in arrears, administers rebate programs, reviews fees and charges, and operates the central revenue office.

27. Financial Institutions
Director: T.S. Stroich

Financial Institutions is responsible for regulating the activities of Alberta credit unions and trust companies, and monitoring these companies to determine solvency, viability, and compliance with applicable legislation.

28. Tax Information Services
Manager: D.M. Russell

Tax Information Services provides communication support services to Revenue Branch, and information and enquiry services regarding the Acts and programs administered by Corporate Tax Administration and Revenue Administration.

29. Corporate Tax Administration
Audit
Director: C.J. Calarco

Audit is responsible for the verification of corporate income tax, claims for tax incentive programs and the insurance corporations tax, and for identifying areas where taxpayers repeatedly incorrectly declare income for tax purposes or claim incentive eligibility.

30. Corporate Tax Administration
Interpretations and Appeals
Director: E.G. Ramsay

Interpretations and Appeals provides rulings and opinions to taxpayers under the Alberta Corporate Income Tax Act, produces technical material concerning the interpretation and administration of the Act for distribution to taxpayers, proposes and reviews amendments to the Act, and considers taxpayers' objections to assessments under the Act and Alberta consumption tax legislation.

31. Corporate Tax Administration
Operations
Director: L.M.L. Rokosh

Operations is responsible for maintaining the tax roll and enforcing filing compliance; assessing corporate income tax and insurance corporations tax returns; issuing notices of assessment and reassessment; maintaining taxpayer accounts; processing tax remittances, refunds, and monthly Royalty Tax Credit Instalment claims; collecting outstanding accounts; responding to taxpayer enquiries on returns, assessments, and accounts; and maintaining records of filings.

32. Corporate Tax Administration
Systems
Director: J.W.K. Parton

Systems is responsible for providing systems and data processing services to support the administrative, operational, and management information systems of the Revenue Branch, and for providing administrative and financial services to Corporate Tax Administration.

33. Banking and Cash Management
Director: D.R. Bishop

Banking and Cash Management is responsible for managing the banking relationships of the Government; analysing government cash flows on a short-term basis; ensuring collection of investment income; maintaining a registry of debt holders; administering debt payments and limits; performing custodial functions for investment portfolios managed by Alberta Treasury and for departments; developing, operating, and maintaining manual and automated finance-related systems; and administering all investment, debt, foreign exchange, and securities lending settlement activities.

34. Corporate Management Services

Corporate Management Services provides administrative support to the Alberta Municipal Financing Corporation and the Alberta Resources Railway Corporation.

II. BRANCH AND DIVISION REPORTS

MANAGEMENT AND CONTROL

Office of the Controller
- Accounting
- Disbursement Control
- Financial Systems
- Payroll and Pensions
- Policies and Procedures

Budget and Fiscal Policy Branch
- Budget Bureau
- Bureau of Statistics
- Tax and Fiscal Policy

Administration

OFFICE OF THE CONTROLLER

ACCOUNTING

FUNCTIONS

- Initiate accounting and financial reporting policy development and improve policy for implementation throughout the Government; review proposed legislation for accounting and financial reporting implications
- Maintain the principal financial records of the Government; prepare interim and annual financial statements
- Prepare consolidated financial statements for the Province; prepare the Public Accounts and supplementary reports of expenditure by payee and reports of payments required under the Legislative Assembly Act
- Administer computer systems for
  - general ledger accounting
  - revenue accounting and reporting
  - control of accountable advances
  - control and reconciliation of issued, negotiated, and replacement cheques
  - expenditure reporting by payee

YEAR IN REVIEW

- Developed accounting and reporting policy framework for newly established regulated funds, in particular the Canadian Pooled Equities Fund, the United States Pooled Equities Fund, and the Provincial Judges and Masters in Chambers Pension Fund
- Developed accounting and reporting policy framework for reporting the Province's material financial commitments for the first time; improved disclosure of the Province's and the General Revenue Fund's contingent liabilities; improved disclosure of the Province's equity in commercial enterprises
- Maintained operational integrity of the central general ledger system during mid-year conversion to the new release of the Departmental Financial System/Central Financial System (DFS/CFS)
- Prepared the consolidated and General Revenue Fund financial statements on a more timely basis than in previous years using microcomputer technology

DISBURSEMENT CONTROL

FUNCTIONS

- Control expenditures and disbursements in accordance with Section 39 of the Financial Administration Act, ensuring legality, authority, and availability of funds
- Operate the central government payment of accounts system, maintain payment records, and issue cheques
- Review departmental systems to ensure compliance with prescribed standards for internal control
- Provide an internal audit function for the Department
- Develop and encourage good relations with the vendor community by identifying and resolving payment problems, monitoring departmental/vendor activities, and responding to vendor enquiries
- Develop payment policies, review and monitor departmental payment practices, and develop new payment processes as required

YEAR IN REVIEW

- Processed approximately four million cheques through the central payment of accounts system
- Monitored departmental payment and processing times for payment transactions throughout the year. Average payment and processing times for the Government were approximately 27 days and 23 days, respectively, for the year.
- Developed a system to facilitate payments to vendors via electronic funds transfer
- Responded to approximately 4,500 calls from vendors seeking assistance or information regarding government payments
- Implemented a major upgrade to the central payment of accounts system and completed the conversion of the government departments to this system

- Conducted a pilot project to replace the vehicle expense voucher with a government credit card for the purchase of automotive fuels and minor emergency repairs relating to government vehicles

- Initiated a project to monitor early payment of vendor invoices and the scheduling of grant payments

- Provided ongoing management information and financial reports to government departments

- Updated the audit strategy for reviewing government payments. Programs were reviewed on an ongoing basis, with specific attention to new and high risk program initiatives to ensure that the hign control standards continue to be met during the payment process.

- Reorganized the control function to manage the audit and control strategy more effectively. Staff within Control were encouraged to participate in professional accounting programs. There are currently 15 designated professionals and 23 students of professional accounting programs in Disbursement Control.

DISBURSEMENT CONTROL

STATISTICAL HIGHLIGHTS

(unaudited)

	1989/90	1988/89
CHEQUES ISSUED		
Social Programs	1,807,000	1,820,000
Vendors	1,656,000	1,426,000
Payroll, Pensions and other	558,000	640,000
TOTAL	4,021,000	3,886,000
Invoices Processed	3,582,000	4,337,000
VENDORS		
Number of Vendors	378,000	295,000
Vendor Enquiries	4,500	4,000

FINANCIAL SYSTEMS

FUNCTIONS

- Develop, implement, and support integrated financial systems
- Co-ordinate the operation of the Government's financial systems for the operating divisions of the Office of the Controller and government departments
- Co-ordinate the development and implementation of office automation technology for the Office of the Controller

YEAR IN REVIEW

- Implemented a major new version of Departmental Financial System/Central Financial System (DFS/CFS) software. User departments will be converting to full-scale use of the new facilities in the next fiscal year.
- Completed the conversion of all targeted users from central data entry to remote data entry. DFS/CFS is being used on 815 terminals connected to the system.
- Continued the enhancement of DFS/CFS and related financial subsystems by implementing some 400 requests for change
- The average cost per transaction has dropped from 21.5 cents to 19.0 cents. Total processing costs for DFS/CFS have increased by 10 percent over the previous year. This can be accounted for by higher volumes of transactions (5.9 M as opposed to 4.8 M during the previous year) and the introduction of new online enquiry facilities.
- Completed the development of an Electronic Funds Transfer (EFT) system to support and augment the existing payment of accounts function. The EFT system will be phased in over the next fiscal year.
- Continued the development and improvement of office automation services and facilities throughout the Office of the Controller; initiated research and development of links to microcomputer-based local area networks within the branch and the Department

PAYROLL AND PENSIONS

FUNCTIONS

- Control payroll disbursements in accordance with the Financial Administration Act and applicable legislation
- Operate the central government payroll system
- Administer seven government pension plans, including the collection of pension contributions and determination and payment of benefits

YEAR IN REVIEW

- The Payroll System was enhanced to provide for implementation of the employee funded leave program, early retirement re-employment search, benefit options for MLAs, implementation of the new administrative support class, and management compensation statistics.
- Payroll development activities included the preliminary analysis and approval for the Input Upgrade Project, an online entry facility for the payroll systems.
- The Payroll Procedure Manual was replaced using modern publishing techniques. Changes requested by users were incorporated.
- The Pension System was enhanced to provide improved online retrieval of information, to strengthen access security, and to provide master copies of pension forms for employers. The new measures offer both economic and time saving benefits.
- Introduced a computer system for the accounting of prior service instalment purchases and provided a new process to assist employers in providing unofficial cost estimates of prior service purchases
- Presented pension information seminars and pre-retirement seminars to a combined attendance of 11,400 pension plan participants
- Provided employer workshops to 815 representatives of 500 employers

- Published four issues of the newsletter *Postscript* on behalf of the Alberta Retired Public Employees Society
- Researched and prepared 84 appeal files for presentation to the Alberta Pension Boards

PAYROLL AND PENSIONS
STATISTICAL HIGHLIGHTS
(unaudited)

		1989/90	1988/89
PAYROLL (number of)			
Salary and Wage Payments	- Cheques	392,831	475,942
	- Direct Deposits	580,771	500,950
PENSIONS (number of)			
Pensioners		28,829	27,282
Contributor Accounts		143,044	134,968
Employers		566	563
Cheques Deposited		10,213	11,058
Retirement Payments	- Cheques	86,240	86,717
	- Direct Deposits	255,823	241,235
Refund Payments Issued		10,261	10,972
RECEIPTS AND PAYMENTS (thousands of dollars)			
Pension Contributions Received		461,469	416,654
Salaries/wages paid		1,444,318	1,382,977
Pensions paid		292,955	271,645
Refunds paid		44,670	56,355

POLICIES AND PROCEDURES

FUNCTIONS

- Develop and communicate accounting, financial, and control policies and procedures
- Assist departments to develop and implement financial control systems and procedures

YEAR IN REVIEW

- Tested the new release of DFS/CFS from a user perspective and prepared procedure documentation
- Assisted departments and agencies to convert to the first phase of the new release of DFS/CFS through training sessions and advice
- Commenced a complete review of the provisions of the Financial Administration Act to determine whether they are still relevant given the changes in technology and financial practices that have occurred since the Act was passed in 1978
- Researched a variety of financial management policy issues, drafted position papers, made recommendations, and prepared Treasury Board Directives and other official documents pertaining to these policies
- Reviewed draft legislation for accounting and financial control policy implications
- Responded to requests from departments and agencies for advice on the application of accounting and financial control policies
- Researched and co-ordinated the drafting of the report submitted by the Provincial Treasurer to the Public Accounts Committee on the recommendations of the Auditor General

BUDGET BUREAU

FUNCTIONS

- Manage the annual expenditure budget planning and review process (General Revenue Fund, Alberta Capital Fund and the Alberta Heritage Savings Trust Fund - Capital Projects Division)

- Provide research, analyses, and recommendations concerning

  - overall expenditure budget planning
  - departmental budget proposals
  - new or changed program policies
  - Supplementary Estimates
  - Special Warrants, funding, and staff establishment reallocations
  - draft legislation and regulations

- Design and implement improved budget methodology and administrative control policies across government, including those affecting electronic data processing in departments and agencies

- Support the Secretary to the Treasury Board

- Co-ordinate operations of the Government Land Purchase Revolving Fund

YEAR IN REVIEW

- Prepared analyses and co-ordinated the review of departmental submissions for the 1990-91 Estimates, and facilitated the Treasury Board review and decision-making process by

  - developing and presenting to Treasury Board, options to assist in the control of expenditures

  - analysing and making recommendations on program cost review candidates identified by departments

  - providing Treasury Board with various special topic analyses in support of the development of expenditure levels for the 1990-91 Estimates

- Published the 1990-91 Estimates including estimates for the Legislative Assembly, Alberta Capital Fund, and the Alberta Heritage Savings Trust Fund - Capital Projects Division

- Analysed and made recommendations to the Provincial Treasurer on requests for decisions, special warrants, transfers of funds, and other budgetary issues submitted by departments

- Analysed and made recommendations to the Provincial Treasurer on EDP policy and budgetary issues

- Assisted the Task Force on Program Duplication in its review of duplication of services in government departments

- Published the document *Alberta's Budget Process* to facilitate the public and private sectors' understanding of Alberta's practices in developing the Government's annual budget

BUREAU OF STATISTICS

FUNCTIONS

- Serve as the central statistical agency of the Government of Alberta, operating under The Statistics Bureau Act
- Determine and respond to the needs of various client groups (e.g., government, business, and general public), and provide required statistical data for the policy and planning functions of the Alberta government and the decision-making processes in the private sector
- Collect, compile, analyse, and disseminate economic, demographic, and social statistics on Alberta
- Provide methodological and other statistically related assistance to, and co-ordinate the existing and proposed statistical activities of, government departments
- Collaborate with Statistics Canada and other provincial statistical agencies to minimize duplication and maintain statistical standards

YEAR IN REVIEW

- Developed geographically based systems for analysing and mapping statistical information by user defined areas
- Established an Economic Accounts Users' Group to respond to the statistical needs of the users of economic data; began making accounts data available on diskette
- Co-ordinated the planning program for the content of the 1991 Census of Canada, for the Alberta government
- Assisted government departments in analysing the impact, at the provincial level, of changes in Canadian taxes and transfer payments using a newly developed economic model from Statistics Canada
- Analysed various microdata files to produce statistics on the elderly, the disabled, health, and unemployment
- Provided methodological assistance on statistical activities undertaken by over 25 government departments and agencies
- Responded to over 6,400 requests for statistical information from the private and public sectors
- Prepared population estimates and projections for Alberta and its census divisions, and, in consultation with individual departments, for their administrative regions
- Provided custom international trade reports to government departments; investigated the feasibility of making trade statistics available on a microcomputer
- Celebrated the Bureau's 50th anniversary of service to the public and private sectors
- Provided custom census reports for the planning and administrative regions of government departments
- Provided statistical information in electronic form to the private and public sectors through ASIST (Alberta Statistical Information System)
- Represented Alberta on a number of federal/provincial statistical co-ordinating committees

Publications available from the Alberta Bureau of Statistics are listed in Appendix B. In addition, a number of shorter reports and pamphlets, covering various demographic and economic topics, are available upon request.

TAX AND FISCAL POLICY

FUNCTIONS

- Plan and co-ordinate the annual Budget Address
- Provide fiscal forecasts and recommend fiscal policy options
- Monitor the performance of the budget plan
- Provide research, analyses, and recommendations on Alberta's revenue policies including taxes, royalties, fees, and charges

- Design revenue measures to meet Alberta's economic, fiscal, and social policy objectives
- Prepare Alberta tax and pension legislation
- Conduct economic situation and outlook assessments of the Alberta, national, and international economies
- Provide macro-economic analysis and related policy advice
- Evaluate and make policy recommendations for provincially guaranteed and administered public sector pension plans and the Canada Pension Plan
- Analyse social policy issues from a Treasury perspective
- Analyse and provide policy advice on intergovernmental financial arrangements

YEAR IN REVIEW

- Planned and co-ordinated the June, 1989, and March, 1990, Budget Addresses
- Prepared fiscal and economic forecasts and fiscal policy options as part of the budget planning process
- Prepared revenue estimates for two budgets and participated in interdepartmental meetings to set resource related assumptions
- Monitored the performance of the fiscal plan and the provincial economy in relation to the 1989-90 budget estimates
- Continued to develop policy options for changes to provincially administered employee pension plans
- Participated in federal/provincial discussions regarding the Canada Pension Plan, including proposed amendments to survivor benefits
- Analysed the proposed federal Goods and Services Tax, and published the November, 1989, Alberta position paper *Protecting Alberta's Future...Why We Oppose the Federal Goods and Services Tax (GST)*
- Participated in a major review and revision of the Alberta Royalty Tax Credit program
- Prepared amendments to the Alberta Personal and Corporate Income Tax Acts to reflect federal tax reform, the 1988 federal budget, and the new Royalty Tax Credit program
- Participated in federal/provincial meetings on fiscal, taxation, and economic matters and helped prepare Alberta's position
- Analysed and provided policy advice on various economic, fiscal, taxation, and social policy issues
- Continued negotiations with the federal government for settlement of the stabilization claim in respect of Alberta's revenue downturn in 1986-87

ADMINISTRATION

FUNCTIONS

- Provide advice and assistance to the Department by establishing standards for, and by carrying out, the recruitment and selection process, the training and development function, employee relation activities, human resource planning, and the pay and benefits program; administer the collective agreements between the Government and the Alberta Union of Provincial Employees as they relate to Treasury; and maintain a personnel management information system
- Analyse and effect position classification or reclassification requests
- Prepare the annual departmental budget and EDP Plan and monitor expenditures throughout the year
- Establish and maintain accounting records and procedures for the Department, ensuring adequate financial control
- Develop, evaluate, and implement enhancements to the records management program
- Co-ordinate and assist with proposed legislative changes or recommendations, Treasury Board

Directives, Authorizations, and Orders in Council

- Supply administrative support services for the Department, including space management, parking allocation and control, security, conference co-ordination, telecommunications, mail and courier services
- Plan, develop, and co-ordinate the production and distribution of publications
- Participate in various departmental communications committees and assist with the internal and external communication needs of the Department
- Develop, recommend, and implement approved internal administrative policies and procedures within the Department
- Provide office automation systems support to the Department
- Provide library materials, a reference service related to the Department's Official Documents, and other services to support the Department's research needs
- Administer attachment of wages and salaries of government employees
- Procure departmental supplies and equipment

YEAR IN REVIEW

- Implemented procedures to streamline the payment function to process an 11.3 percent increase in transactions, using the same resources
- Developed and managed office space to handle Principal Group telephone enquiries unit, payment settlement unit, and closed the Code Investigation offices
- Relocated the Alberta Bureau of Statistics to new office space. In addition, a long range accommodation plan for the Department was developed and approved. Implementation of the initial stage is scheduled for 1990-91.
- Implemented a new word processing system that eliminated downtime and repair costs associated with the previous system and provided new opportunities to process correspondence efficiently
- Developed standards for office systems in the Department that will enhance the cost effectiveness of equipment acquisition and operation
- Delegated Management Classification Authority was assumed. Policies and Procedures topics were updated to reflect new procedures and to establish a classification committee. A classification guidebook was developed for the use of committee members.
- Completed the review and classification of 400 positions to conform to the Administrative Support Series
- Assisted Payroll and Pensions, Disbursement Control and Alberta Bureau of Statistics by drafting and editing position descriptions to facilitate reorganizations
- Developed the communications plan, co-ordinated creative design and printing of all materials, drafted print and radio advertising, and administered province-wide distribution of all materials for the 1989 Alberta Capital Bond program
- Assisted with the research, writing, design and production of a history of the Bureau of Statistics for its 50th anniversary; also co-ordinated production of a display highlighting the growth and development of the Bureau
- Established FIC/AIC processing unit to administer the payment of the Settlement Offer sent to 100,000 contract holders; handled some 77,000 returned agreements; processed and mailed over 60,000 cheques for approximately $75 million
- Processed 531 wage and salary attachments for all government departments, an increase of 12.5 percent over the previous year with no change in resources
- Completed the scheduling of approximately 75 percent of the departmental records which affords consistent referencing of material, common storage of information, and better security and control over records
- Transferred 11,700 cubic feet of records from active storage to lower cost storage sites or for destruction

Selected Personnel Transactions During Fiscal Year 1989-90 (a)

	Hirings		Separations		Positions Classified and Reclassified
	Male	Female	Male	Female	
Managerial	4	--	4	--	15
Professional	28	9	20	12	45
Technical	20	13	15	9	53
Support	10	41	14	57	43
	62	63	53	78	156

(a) Excludes Alberta Treasury Branches

Position Establishment at March 31, 1990, by Classification (a)

	Occupied			
	Male	Female	Vacant	Total
Managerial	157	31	17	205
Professional	70	49	17	136
Technical	78	60	14	152
Support	43	270	30	343
	348	410	78	836

(a) Excludes Alberta Treasury Branches

II. BRANCH AND DIVISION REPORTS

FINANCE AND REVENUE

Finance Programs Branch
- Finance Planning and Analysis
- Loans and Guarantees

Revenue Branch
- Corporate Tax Administration
  - Audit
  - Interpretations and Appeals
  - Operations
  - Systems
- Financial Institutions
  - Credit Unions
  - Trust Companies
- Revenue Administration
- Tax Information Services

Investment Management

Banking and Cash Management
- Corporate Management Services

Risk Management and Insurance

FINANCE PLANNING AND ANALYSIS

FUNCTIONS

- Co-ordinate Treasury's planning and policy analysis for the Alberta Heritage Savings Trust Fund
- Prepare prospectuses, offering circulars and related documentation for the Province's borrowing program
- Analyse and make recommendations on policy issues in the regulation of Alberta's financial sector, in conjunction with Revenue Branch, Financial Institutions
- Analyse and provide recommendations on capital budgets, program initiatives, and financing requirements of provincial Crown corporations, including privatization initiatives
- Provide analysis and recommendations on a broad range of financial issues and programs
- Prepare the quarterly and annual reports of the Alberta Heritage Savings Trust Fund; prepare those sections of the Budget Address and other publications related to the Heritage Fund, other major regulated funds, and provincial Crown corporations
- Manage the weekly Treasury Bill auction

YEAR IN REVIEW

- Co-ordinated preparation of an offering circular for a US$750 million Euro debt issue; organized and prepared the filing of a Shelf Registration Statement for the United States market in February, 1990
- In co-operation with other divisions, co-ordinated a successful $592 million Alberta Capital Bond sales campaign in May, 1989
- Analysed and made recommendations on a range of policy issues relating to the Province's new Loan and Trust Corporations Act, and national developments in the financial sector; provided briefings for several interprovincial ministerial and deputy ministerial meetings regarding the financial sector policy harmonization
- Co-ordinated the analysis and developed the process for financial restructuring and privatization of the Alberta Government Telephones Commission

LOANS AND GUARANTEES

FUNCTIONS

- Co-ordinate Treasury's planning and policy analysis for government loans and guarantees
- Provide conclusions and recommendations on proposals for investments, loans, advances, and guarantees
- Negotiate terms and conditions, appropriate business structures and approve documentation for government financings
- Develop and review legislation, regulations, and orders concerning loans and guarantees
- Administer loan and guarantee agreements during their term and monitor and report on their status
- Special assignments on financial reorganizations and corporate recovery programs

YEAR IN REVIEW

- Completed transactions for the Alberta Newsprint Company 220,000 tonne per year paper mill at Whitecourt
- Completed documentation for the Alberta Energy Company 110,000 tonne per year pulp mill at Slave Lake
- Continued negotiations on the key terms and conditions for the 493,000 tonne per year pulp mill and 300,000 tonne per year paper mill at Athabasca, Alberta

- Documentation for the Oslo Oil Sands project financing agreements was almost completed when the federal budget announced withdrawal of the federal government long-term commitments

- In co-operation with other divisions, assisted in the development of the Alberta Family First Home Program

CORPORATE TAX ADMINISTRATION (CTA)

AUDIT

FUNCTIONS

- Develop and maintain the audit capability for the Alberta Corporate Income Tax Act, encouraging voluntary compliance, deterring tax avoidance, and ensuring uniform application of the law

- Utilize efficient audit techniques, including appropriate computer software, to identify potential candidates for audit

- Maintain a program of desk audits and in-depth field audits

- Co-ordinate Alberta tax audit activities, where possible, with other agencies and governments to avoid duplication of audit effort

YEAR IN REVIEW

- Several extra-provincial audit initiatives were undertaken during the year, primarily addressing issues related to Royalty Tax Credit claims

- The desk audit program was enhanced which significantly increased the level of audit coverage of the Royalty Tax Credit, and the Manufacturing and Processing Profits Deduction programs

- A major civil litigation case involving a Royalty Tax Credit carve-out was decided in the Government's favour and is currently being appealed by the company. Several other litigation cases have been settled. Four cases remain in litigation, dealing with carve-outs and non-payment of taxes.

- Issues concerning the interprovincial allocation of income which were addressed related to passive investment income, airline income, and income from product swaps. Ongoing liaison with other jurisdictions continues to ensure that income earned in Canada is correctly allocated to Alberta.

- The level of verification of energy industry data was increased through the use of interdepartmental information. Extensive use was made of microcomputers and laptops to increase audit effectiveness.

INTERPRETATIONS AND APPEALS

FUNCTIONS

- Issue binding advance tax rulings under the Alberta Corporate Income Tax Act to confirm tax implications of major business transactions

- Review taxpayers' objections under the Alberta Corporate Income Tax Act, the Alberta Stock Savings Plan Act, and Alberta consumption tax legislation and confirm, vary, or vacate assessments

- Liaise with the Attorney General's Department on taxpayers' appeals to the Court

- Provide information to the corporate tax community by publishing interpretation bulletins and information circulars

- Respond to technical enquiries

- Assist in the drafting of amendments to, and prepare regulations under, the Alberta Corporate Income Tax Act

- Establish eligibility of stock issues under the Alberta Stock Savings Plan Act

YEAR IN REVIEW

- Issued eight advance tax rulings and responded to numerous requests for technical interpretations and opinions concerning corporate tax programs and the Alberta Stock Savings Plan
- Disposed of 384 objections under the Alberta Corporate Income Tax Act and the consumption tax Acts
- Assisted in designing the detailed rules and the forms necessary to implement the revised Royalty Tax Credit program
- Provided information to the corporate tax community by developing articles for Tax Notes concerning Corporate Tax Administration's interest policies, by updating the AT1 Guide and by developing material for a package on the new Royalty Tax Credit rules
- Approved 16 applications for Certificates of Eligibility under the Alberta Stock Savings Plan

OPERATIONS

FUNCTIONS

- Identify corporations subject to the Alberta Corporate Income Tax Act and maintain the taxroll; ensure each corporation files, voluntarily or by legal enforcement, returns and information as required by law
- Process and assess corporate tax and insurance corporations tax, verify the accuracy of tax credit claims, prepare reassessments, and issue notices of assessment and reassessment
- Process monthly Royalty Tax Credit instalment applications
- Administer the receipt of payments and maintain corporate accounts, which includes processing taxpayer remittances, issuing statements of account, and issuing refunds
- Provide an account enquiry service allowing corporations to determine the status of their tax accounts and resolve account discrepancies
- Collect outstanding tax accounts
- Ensure all documents concerning corporate registration and filing, as well as administrative correspondence and other documents, are accurately and securely maintained on file

YEAR IN REVIEW

- Processed 116,916 tax returns, an increase of 4.4 percent over the previous year. The average elapsed time to process a tax return was 22 days. Processed 107,593 tax payments, an increase of 10.7 percent over the previous year.
- Completed, with encouraging results, the pilot projects involving major vendors in the field of electronic imaging; completed a study to determine the feasibility of an imaging system in CTA
- Development of the new Compliance Inventory Management System progressed on schedule with implementation set for March, 1991. This new system, when implemented, will provide a major improvement in the management and processing of files requiring collection and/or filing compliance action.
- In conjunction with the Government's introduction of a price sensitive Royalty Tax Credit, implemented a new online Royalty Tax Credit instalment processing subsystem
- An online letter generation facility was introduced in the Account Enquiries Unit resulting in shortened response time to taxpayer queries.

SYSTEMS

FUNCTIONS

- Plan and manage the development, implementation, operation and maintenance of systems to support the operational, management, and administrative functions of the Revenue Branch
- Provide data processing services and facilities to Revenue Branch
- Develop and maintain procedure manuals and forms required for the operations of the Revenue Branch

- Provide administrative, internal financial, and personnel support services to CTA

YEAR IN REVIEW

- Completed the design of the Compliance Inventory Management System, an online computer system, to improve the efficiency and effectiveness of tax return filing compliance and collection activities
- Conducted pilot projects using electronic imaging technology for document storage and retrieval
- Commenced the implementation of a local area network to link microcomputers with each other and with the mainframe computer
- Provided forms design, computer systems development, and mailing services for the creation, production, and distribution of individualized settlement agreements to investors in First Investors Corporation Ltd. and Associated Investors of Canada Ltd.
- Proceeded with the acquisition of Computer-Assisted Software Engineering software to improve the productivity of systems staff and the quality and flexibility of computer systems
- Undertook forms design and system development activities required to implement the revisions to the Royalty Tax Credit as a result of the adoption of a price-sensitive program
- Reviewed office equipment and administrative processes leading to changes which increased efficiency, reduced costs, and streamlined support services

CORPORATE TAX ADMINISTRATION

STATISTICAL HIGHLIGHTS

(unaudited)

	1989/90	1988/89
TAX RETURNS		
Number Received	117,535	113,344
Number Assessed	116,916	112,001
Number Reassessed	14,749	14,465
PAYMENTS		
Corporate Tax Administration - Number Received	107,143	97,178
- Value ($,000)	847,851	759,037
Insurance Corporations Tax - Number Received	450	417
- Value ($,000)	58,690	55,018
ASSESSMENTS ($,000)		
Corporate Taxable Income Allocated to Alberta	7,080,152	6,454,035
Corporate Income Tax Assessed	769,082	642,335
Refundable Tax Credits Assessed	353,504	435,918
Insurance Corporation Tax Assessed	57,486	51,668

FINANCIAL INSTITUTIONS

CREDIT UNIONS

FUNCTIONS

- Maintain a legislative and regulatory framework in which Alberta credit unions offer financial services to members; recommend amendments to legislation and regulations in response to changing needs
- Ensure compliance with the legislation by monitoring monthly and annual financial reports, and performing examinations as appropriate; report on the operational management, quality of assets, viability, and other related matters
- Assist credit unions with the numerous transitional requirements of the new Credit Union Act, including continuance, by-laws, equity programs, loans and investment policies, and related party provisions provide assistance during the transition to new documentation flowing out of the new Act
- Liaise with those connected with the credit union system to stay informed of changing needs, and clarify and interpret legislation and policies
- Investigate and resolve complaints regarding credit unions
- Consolidate financial data from individual credit unions, analyse information, and monitor operating results to provide an early warning of developing financial difficulties

YEAR IN REVIEW

- Carried out credit union examinations with emphasis on the early detection of financial difficulties, the identification of areas where future problems may arise, compliance with legislation, and determining economic viability and financial soundness
- Participated in the review of the rewrite of the Credit Union Act and Regulations; developed 17 information circulars to communicate interpretation of the legislation to the credit union system
- Developed a new code of accounts and monthly financial and statistical reporting format to provide more effective analysis of the financial operations of Alberta credit unions. This was done jointly with the Credit Union Deposit Guarantee Corporation and Credit Union Central.
- Completed the development of model by-laws designed to assist both existing and new credit unions in the preparation of by-laws required under the new credit union legislation
- Organized and conducted information sessions in six Alberta locations to provide interpretation of the new legislation for senior management and directors of the credit union system
- Maintained an ongoing program of communication and liaison with the Credit Union Deposit Guarantee Corporation to ensure that our mutual aims are met with a minimum of duplication
- Working with Credit Union Central, developed a practical guide for audit committees to assist them in fulfilling their responsibilities as set out in the new Credit Union Act
- Assumed role of Registrar of Credit Unions, previously a function of Corporate Registry, Consumer and Corporate Affairs
- Developed new procedures for the incorporation, amalgamation, and dissolution of credit unions stemming out of the new Credit Union Act

TRUST COMPANIES

FUNCTIONS

- Manage and conduct a program of registration, inspection, and examination to monitor the activities of trust companies in Alberta to determine if the business operations of the companies are conducted in accordance with the Trust Companies Act and Regulations
- Provide advice and guidance on the incorporation of trust companies in Alberta
- Maintain a register of trust companies that forms the basis for corporate searches of registered trust companies
- Recommend suspension or cancellation of registration, rehabilitation, receivership, or liquidation of trust companies where such is deemed appropriate

- Issue rulings, give consents, or render decisions required by trust companies registered under the Trust Companies Act
- Research, review, and recommend amendments to the Trust Companies Act and Regulations
- Investigate complaints from trust companies' borrowers and lenders

YEAR IN REVIEW

- Conducted field examinations of all Alberta incorporated trust companies and desk audits of all extra-provincial trust companies operating in Alberta to ascertain compliance with legislation and financial soundness
- Provided analysis and recommendations on matters related to new legislation governing loan and trust companies in Alberta
- Responded to written and verbal requests for corporate searches on Alberta registered trust companies
- Provided information to trust companies operating in Alberta through the preparation and distribution of information circulars covering changes taking place in legislation and divisional policies
- Participated in the development of a Policies and Procedures Manual to provide guidance in the administration of the proposed Loan and Trust Corporations Act
- Completed the transfer of documents, files, and reports respecting investment contracts to the Department of Consumer and Corporate Affairs on repeal of the Act
- Represented the interests of Alberta Treasury and unlocated creditors and shareholders in the Court-directed proceedings for the wind-up of The Security Trust Company Limited

FINANCIAL INSTITUTIONS
STATISTICAL HIGHLIGHTS
(thousands of dollars)

	March 1990	March 1989	Increase (Decrease)	% Change
ALBERTA CREDIT UNIONS				
Total Assets	$3,039,761	$2,808,174	$231,587	8.25
Loans to Members	1,754,764	1,645,096	109,668	6.67
Total Deposits	2,930,963	2,608,975	321,988	12.35
Number of Credit Unions	97	105	(8)	
Number of Branches	190	225	(35)	
TRUST COMPANIES REGISTERED IN ALBERTA				
Total Assets	$81,871,037	$75,073,928	$6,797,109	9.1
Deposit Liabilities	76,699,139	70,054,957	6,644,182	9.5
Shareholder Equity	4,140,178	3,727,070	413,108	11.1
NUMBER OF TRUST COMPANIES REGISTERED IN ALBERTA				
Federally Incorporated	24	23		
Extra-Provincially Incorporated	14	15		
Alberta Incorporated	5	5		
	43	43		

REVENUE ADMINISTRATION

FUNCTIONS

- Collect, audit, and account for taxes due under the provisions of the Fuel Tax Act, the Tobacco Tax Act, the Hotel Room Tax Act, and the Pari Mutuel Tax Act
- Administer the Alberta Farm Fuel Distribution Allowance (AFFDA), the Alberta Domestic Heating Oil Allowance (ADHOA), and fuel tax exemption benefits
- Administer the Utility Companies Income Tax Rebate Program
- Operate the central collection service for government to maximize the recovery of accounts and loans in default owing to the Crown
- Develop and encourage good collection and receivables management procedures and appropriate collection efforts by departments and agencies
- Make recommendations for compromises, remissions or write-offs of accounts and loans receivable
- Operate a central revenue deposit service for the Government
- Review and evaluate revenue sources such as fees, permits and other miscellaneous types of revenue, and recommend changes to improve the cost-effectiveness or efficiency of the revenue collection process
- Administer credit card applications by departments to permit the use of these cards by the public to purchase goods and services
- Disseminate information and provide assistance to departments and agencies concerning federal sales, excise, telecommunications, and air transport tax regulations and their implications
- Co-ordinate the cost accumulation and claiming process under various federal/provincial cost-shared programs
- Contract for and co-ordinate armoured car service for all government departments

YEAR IN REVIEW

- Implemented audit applications on microcomputers
- Privatized collection of most overdue receivables
- Reviewed and met with several boards, commissions, and agencies to review collection procedures utilized and to exchange information
- Collected a total of $7.3 million in past due receivables
- Conducted the tri-annual renewal of farmer declaration identification numbers for the AFFDA program; this involved contacting over 70,000 entities to determine eligibility
- Revised forms and publications to reflect new tax rates announced in the budget and started administrative procedures to collect fuel tax on propane used in licensed vehicles
- Researched, tested, and then tendered for a new fuel dye which resulted in a significant cost saving
- Eliminated nine armoured car pick-up locations through consolidation and changed bank arrangements
- Decentralized claim preparation for federal funding in respect to Economic and Regional Development agreements and other cost-shared programs
- Implemented an automated divisional accounts receivable system
- Conducted a review of fees and charges which resulted in an increase in revenue of $8.5 million
- Implemented a new tobacco tax collection and reporting system that greatly enhanced accuracy and reduced assessments

REVENUE ADMINISTRATION

STATISTICAL HIGHLIGHTS

(unaudited)

(thousands of dollars)

REVENUES COLLECTED	1989/90	1988/89
Taxes		
Fuel Tax	$284,997	$310,271
Tobacco Tax	239,546	212,216
Pari Mutuel Tax	9,787	9,158
Hotel Room Tax	23,223	22,014
Payments from Government of Canada Cost-Shared Program - Statutory Subsidies	3,707	3,682
MANAGEMENT OF PAST-DUE GOVERNMENT RECEIVABLES		
Collections	7,272	8,120
Compromises *	162	210
Remissions *	23	1
PAYMENTS TO ASSIST ALBERTA CONSUMERS		
Farm Fuel Costs (Alberta Farm Fuel Distribution Allowance and Domestic Heating Oil Allowance)	134,121	88,405
Householder Utility Costs (Utility Companies Income Tax Rebate Program)	226,431	306,705

* Includes only approved compromises and remissions arising from past due accounts transferred to Crown Debt Collections by departments

TAX INFORMATION SERVICES

FUNCTIONS

- Communicate to the general public and selected target audiences the provisions of the following legislation and programs administered by Revenue Branch:
  - Alberta Corporate Income Tax Act
  - Alberta Stock Savings Plan Act
  - Fuel Tax Act
  - Alberta Farm Fuel Distribution Allowance Program
  - Domestic Heating Oil Allowance Program
  - Off-Road Fuel User Program
  - Hotel Room Tax Act
  - Tobacco Tax Act
  - Credit Union Act
  - Trust Companies Act
- Provide a telephone enquiries service in Edmonton and Calgary offices which responds to general information and forms requests concerning Corporate Tax Administration and Revenue Administration legislation and programs

- Produce technical and general publications for communications programs established by Corporate Tax Administration, Revenue Administration, and Financial Institutions

YEAR IN REVIEW

- Responded to a total of 27,000 telephone enquiries. Enquiries officers in Edmonton and Calgary addressed general information requests from the public. Technical enquiries were referred to technical specialists in Corporate Tax Administration and Revenue Administration.

- Processed approximately 6,200 orders for forms and publications. TIS also shipped a total of 110,000 forms to 290 accounting firms and other tax preparers in bulk distributions that occurred in September, 1989, and February, 1990.

- Co-ordinated Corporate Tax Administration and Revenue Administration participation at the Edmonton and Calgary Small Business Information fairs, which were held in October, 1989

- Co-ordinated the operation of the Principal Enquiries Unit which responded to questions concerning the Alberta Settlement Offer from contract holders of First Investors Corporation Ltd. and Associated Investors Corporation Ltd.

- Co-ordinated the publication of the *Tax Notes* newsletter, the *1990 Guide to the Completion of the Alberta Corporate Income Tax Return*, issues of the internal newsletter *CTA Update*, information circulars, issues of the *Credit Union Bulletin* newsletter, issues of the Credit Union information circulars, editions of the *Alberta Farm Fuel Distribution Allowance Bulletin* newsletter, a reprint of the *Alberta Farm Fuel Price Advantage* brochure, and revised *An Introduction to Alberta's Corporate Income Tax* brochure.

INVESTMENT MANAGEMENT

FUNCTIONS

- Develop and implement strategies for the investment of cash reserves, long-term investment portfolios and various sinking funds of the Government and a number of its agencies. The division is also responsible for the management of the Province's debt.

- Assist in maintaining an orderly market for publicly-traded securities issued and/or guaranteed by the Province of Alberta

- Provide research for investment and debt management strategies

ASSET MANAGEMENT

- The total book value of securities managed at year end was $13.1 billion. This included $5.4 billion in short-term securities, $5.1 billion in bonds, notes and debentures, $2.0 billion in equities, and $0.6 billion in mortgages and real estate.

- The major funds for which these assets are managed are described below:

- **Pension Fund**
With investments of $5.0 billion at year end, the Pension Fund was the largest single fund under the division's management. It is invested in a broad range of assets designed to assist the Province in meeting its obligations under various public sector pension plans.

- **Consolidated Cash Investment Trust Fund**
This cash management facility provides approximately 250 participants with the benefits of fully-invested cash balances together with full liquidity. Investments are concentrated in high-grade, short-term securities.

- **AHSTF Section 10**
Funds which have not been invested under one of the investment divisions of the Heritage Fund are managed under Section 10 of the Alberta Heritage Savings Trust Fund Act. These monies are invested in a variety of marketable fixed income securities to provide liquidity while, at the same time, enhancing

the return on funds not yet committed to other divisions.

- **AHSTF Commercial Investment Division**
  This division, which commenced operations in 1981-82, seeks to attain commercial rates of return through equity investments. The broadly-based holding of Canadian equities, convertible debentures, and short-term securities grew during the year to a closing level of $316 million.

- **Workers' Compensation Fund**
  This fund provides for long-term disability and pension benefits payable as a result of injuries from industrial accidents.

- **Endowment Funds**
  The Medical Research Endowment Fund supports research sponsored by the Alberta Heritage Foundation for Medical Research. The Alberta Heritage Scholarship Fund provides for a wide range of scholarships for Albertans.

- **Sinking Funds**
  Sinking fund operations for the Alberta Municipal Financing Corporation, Province of Alberta, and Alberta Resources Railway provide for the eventual retirement of the obligations, as well as marketability for current holders of the securities issued by these bodies.

DEBT MANAGEMENT

- During the year the Province floated new issues in Canadian, U.S. and Euro markets totalling C$1.8 billion.

YEAR IN REVIEW

- The Province's debt management operations were centralized and integrated with Investment Management Division.

- The first stage of an attribution analysis for performance measurement was developed and implemented.

- Several analytical tools to facilitate the management of currency exposure and interest rate swaps were developed to support debt management operations.

BANKING AND CASH MANAGEMENT

FUNCTIONS

- Manage the banking operations of the provincial government and designated boards and agencies; monitor the organization of provincial banking to ensure that effective cash management practices such as funds collection systems, payments systems, and cash concentration systems are in place for optimal cash utilization

- Provide effective methods of making government payments in foreign currencies

- Provide cash management expertise to provincial corporations, boards, and agencies

- Project and analyse all government cash flows in order to prepare cash flow forecasts on a daily, weekly, and monthly basis to assist investment and debt management decisions

- Administer the Consolidated Cash Investment Trust Fund (CCITF) system including banking arrangements, balancing, forecasting, monthly and quarterly reports, and earnings distribution

- Monitor receipt of investment income and deposit all income received

- Monitor debt payments and limits

- Provide custodial and safekeeping services

- Provide registrar, transfer, and paying agent facilities, either internal or contracted out, for debt issues of the Province and the Alberta Municipal Financing Corporation

- Settle investment, debt, foreign exchange, and securities lending transactions for funds

- Perform control, record keeping, and management reporting functions for investment, debt, foreign exchange, and securities lending functions for funds

- Operate primary finance systems such as the investment, debt, foreign exchange, and securities lending system (Fundtrac); the Consolidated Cash Investment Trust Fund system; the Farm Credit and Small Business systems; as well as 15 other financial systems

- Plan and manage the development, implementation, and maintenance of integrated systems to support the operational, management, and administrative functions of the Finance Branch

- Co-ordinate the development and implementation of office automation technology to support the needs of the Finance Branch

YEAR IN REVIEW

- Turned over manual Direct Deposit Systems to Disbursement Control Division to become part of normal payment mechanism

- Developed and implemented a new integrated system for monitoring bank accounts and signing authorities

- Developed new automated revenue collection systems for several departments and participated in the development of new direct deposit systems such as Small Business Interest Shielding Program payments

- Settled approximately 14,000 investment, debt, foreign exchange, and securities lending transactions

- Developed and implemented new systems to support various functions as follows:

  - Consolidated Cash Investment Trust Fund to provide better management of money market pooled funds

  - U.S. Securities Analysis System to assist Investment Management Division

  - Price Capture System to computerize the capture of security prices

  - Securities Lending Trader Support System

- Implemented and managed banking arrangements, fiscal agency agreements, debenture laydown settlements, and funds transfers for three new debt issues, including Alberta Capital Bonds, a Euro-U.S. dollar issue, a Canadian domestic issue, a U.S. dollar domestic issue, and Canada Pension Plan funding

- Conducted information sessions, user training, and sales reporting and responded to numerous enquiries in relation to the third issue of Alberta Capital Bonds

- Implemented several improvements in the custody of investment assets

CORPORATE MANAGEMENT SERVICES

FUNCTIONS

- Manage the affairs of the Alberta Municipal Financing Corporation

- Provide accounting, investment, and debt management services to the Alberta Resources Railway Corporation

YEAR IN REVIEW

- Alberta Municipal Financing Corporation:

  - New loans issued in 1989 totalled $425 million, an increase of $111 million from total loans made in 1988 of $314 million.

  - Total outstanding loans receivable were $5.2 billion at the end of 1989. Of this total, 76.8 percent was borrowed originally for municipal purposes, 22.9 percent for school purposes and 0.3 percent for hospital purposes.

  - The capital required in 1989 to satisfy the needs of municipal, school, and hospital authorities was obtained by the Corporation primarily from the Canada Pension Plan Investment Fund.

- Debt redemptions in 1989 totalled $324 million, consisting of $175 million Canadian public issues, $77 million issued to the Canada Pension Plan Investment Fund, $70 million issued to the Provincial Treasurer of Alberta, and $2 million in U.S. public issues.

- The gross outstanding long-term debt of the Corporation was $5.6 billion as at December 31, 1989.

Note: A copy of the Alberta Municipal Financing Corporation Annual Report is available by telephoning the offices of the Corporation at 427-9711.

RISK MANAGEMENT AND INSURANCE

FUNCTIONS

- Continue evolution and administration of comprehensive means for managing the risk and protecting the assets of the Government and other entities included in the overall program

- Risk Identification—determine the possible and probable risk exposures of entities within the program, using statistical methods, as well as investigation and forecasting

- Risk Assumption—assess the expected frequency and severity of loss using empirical data and trend analyses, taking into account factors such as increases in loss costs; establish, for each class of insurable risk, a basic aggregate value of losses that will be expected/assumed as tolerable within financial capability

- Risk Control—analyse participants' loss experience by using statistics developed within the division in addition to data obtained through both specific and routine field inspections; develop and implement loss control practices based on findings

- Risk Transfer—provide guidance to participants on how risk can be reduced and/or transferred via the wordings of their agreements with other parties; where cost effective, arrange to transfer otherwise non-transferable, unexpected, and severe accidental losses, above the accepted risk assumption levels, to insurers

- Adjust, or monitor the adjustment of, all insurable losses of Crown entities, whether the losses are insured, self-assumed through the Alberta Risk Management Fund, or uninsured

- Recoveries—prepare documentation on, and negotiate recovery of, monies due from the insurers of government and other parties responsible for loss or damage caused to the Crown

YEAR IN REVIEW

- Increased the equity in the Risk Management Regulated Fund, reducing dependence on insurance and the General Revenue Fund

- Improved and expanded a rating system for all participants, allowing prompt invoicing at times consistent with their fiscal years

- Commenced a major revision of the Risk Management and Insurance manual currently held by each participant

- Continued the completion and updating or risk evaluation manuals for each participant

- Assisted Public Safety Services in establishing eligibility for assistance under various programs; in 1989-90, major emphasis was on flood relief programs implemented for west central and northwestern programs

- Expanded Risk Management Regulated Fund protection for certain entities to include directors and officers, and professional errors and omissions liability coverage

- Along with Alberta Municipal Affairs, assisted the Alberta Association of Municipal Districts and Counties, Alberta School Trustees Association, and Alberta Urban Municipalities Association in their efforts to establish the Alberta Local Authorities Reciprocal Insurance Exchange

- Adjusted a record number of new insured and uninsured recovery claim files

III. ALBERTA TREASURY BRANCHES

Superintendent: A.O. Bray

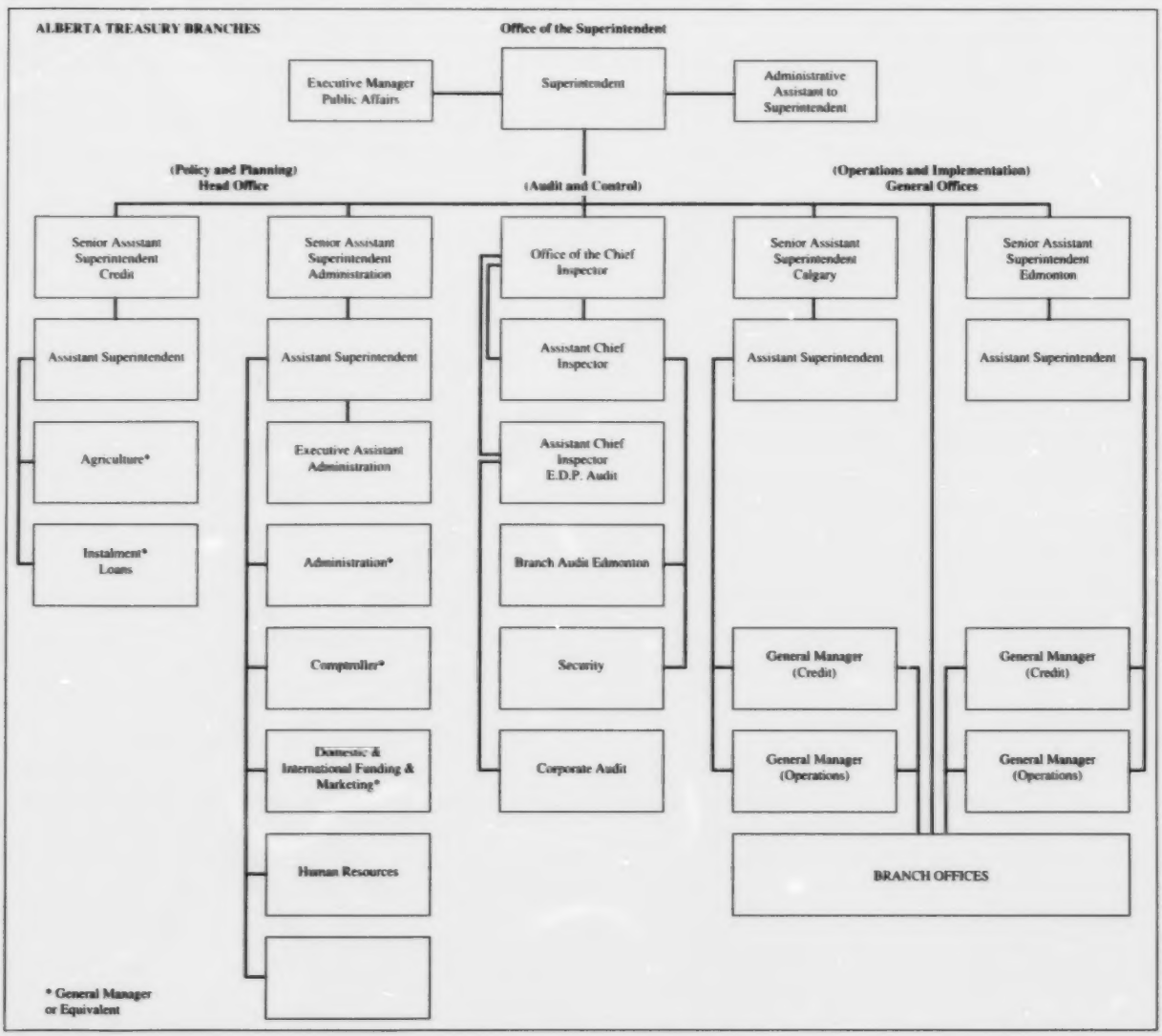
FUNCTIONS

The major function of Alberta Treasury Branches is to operate a system of branch offices and agency outlets to provide Albertans access to a full range of modern financial services at reasonable cost.

Primary responsibilities include

- accepting money on deposit
- loaning money to the public
- providing domestic and international money services for consumer and corporate needs
- furnishing safekeeping facilities, credit card services, utility bill remittances, and related sundry financial services
- conducting a profit-oriented operation for the benefit of all Albertans

Note: A comprehensive review is published annually with extensive detail on the financial operations and activities of Alberta Treasury Branches. Copies may be obtained from any of the branches or agencies or from the Head Office at the Ninth Street Building (9925 - 109 Street, Edmonton, T5K 2J8), or by calling 493-7307.



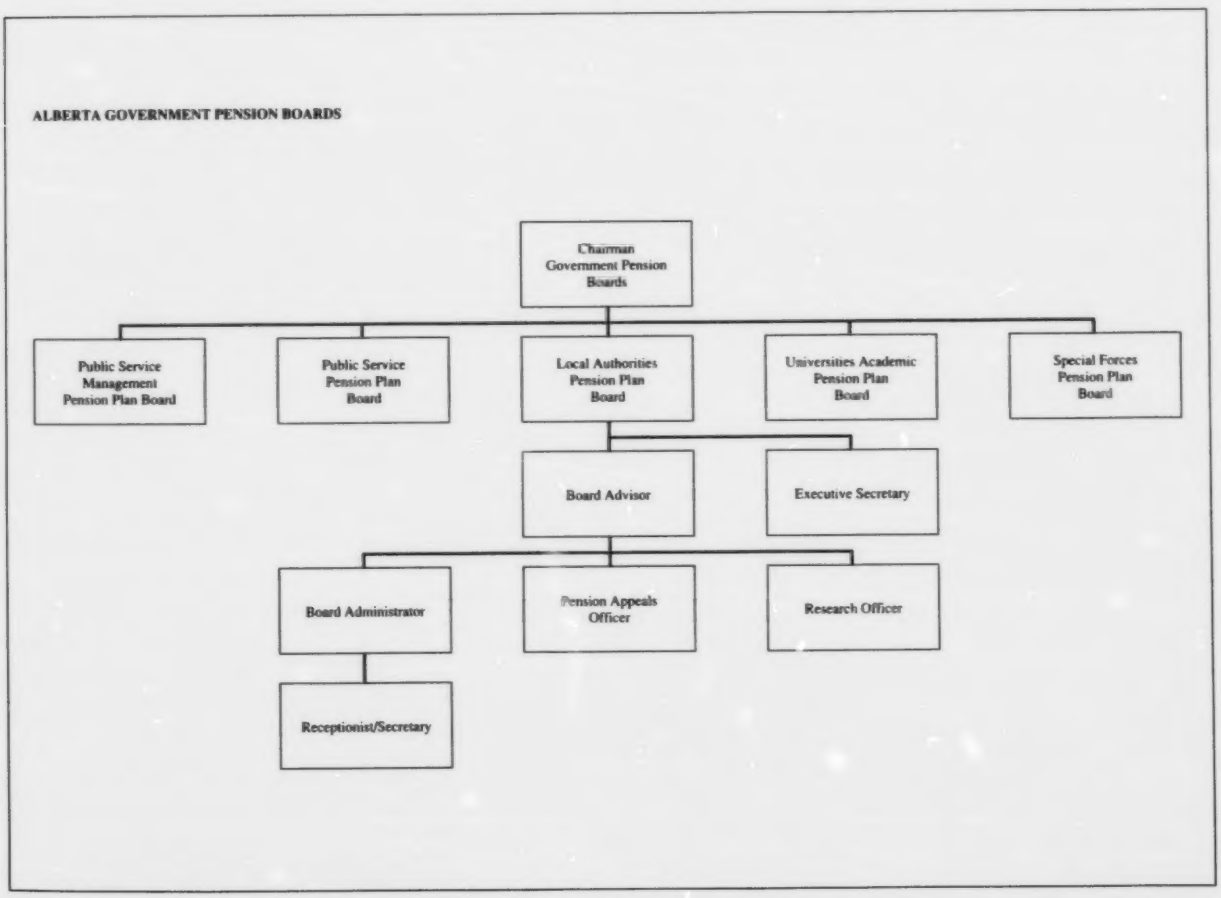
IV. ALBERTA GOVERNMENT PENSION BOARDS

Chairman: J.E. Faries

FUNCTIONS

- Acting independently of the Department, provide administrative services to the five Pension Plan Boards relative to hearing of appeals against decisions of the Minister of Pensions in relation to the administration of the five pension plans
- Prepare background information relative to applications by members for extensions to time limits, as provided for in legislation
- Obtain and summarize input on pension concerns from employee and employer groups affected by the pension plans, from the representative members on the Boards, and through research methods
- Compile data on federal and provincial pension legislation across Canada with a view to assisting the Boards in their deliberations
- Prepare draft proposals for Boards' consideration and refinement to assist in fulfilment of their mandates of advising the Minister of Pensions on such matters as adequacy of pension contributions, cost of living adjustments to pensions, rate of interest, plan benefits, reciprocal agreements, recognition of prior service, eligibility and participation in the plans, and actuarial tables prescribed
- Perform any other duties related to the pension plans that may be assigned by the Minister

Note: The Alberta Government Pension Boards' Annual Reports can be obtained from Room 1203, Legislature Annex (9718 - 107 Street, Edmonton, Alberta T5K 1E4), or by calling 427-7105.



V. APPENDICES

A. Acts Administered by Alberta Treasury

B. Publications Available from Alberta Treasury

C. Executive of the Department

APPENDIX A
ACTS ADMINISTERED BY ALBERTA TREASURY

Alberta Corporate Income Tax Act
Alberta Heritage Savings Trust Fund Act
Alberta Income Tax Act
Alberta Municipal Financing Corporation Act
Alberta Stock Savings Plan Act
Appropriation Acts
Civil Services Garnishee Act
Credit Union Act
Credit Union Federation of Alberta Act
Farm Credit Stability Fund Act
Financial Administration Act
Fuel Tax Act
Government Emergency Guarantee Act
Government Land Purchases Act
Hotel Room Tax Act
Local Authorities Pension Plan Act
Members of the Legislative Assembly Pension Plan Act
Municipal Debentures Act
Pari Mutuel Tax Act
Pension Fund Act
Provincial Debt Reorganization Act
Public Service Administrative Transfers Act
Public Service Management Pension Plan Act
Public Service Pension Plan Act
Small Business Term Assistance Fund Act
Special Forces Pension Plan Act
Statistics Bureau Act
Tobacco Tax Act
Treasury Branches Act
Trust Companies Act
Universities Academic Pension Plan Act
Utility Companies Income Tax Rebates Act

APPENDIX B
PUBLICATIONS AVAILABLE FROM ALBERTA TREASURY

Many branches and divisions of Alberta Treasury publish information about their programs and operations. As of April 1, 1990, the following publications are available from:

- Support Services and Publications, Room 302, Terrace Building (9515 - 107 Street, Edmonton, T5K 2C3) or by calling 427-9957:

  Alberta Treasury Annual Report
  Alberta Budget Documents
    Budget Highlights
    Budget Address
    Government Estimates
    Supplementary Information Element Details
    Legislative Assembly Estimates
    Capital Fund Estimates
    Program Structure Chart
  Public Accounts
  Supplementary Information to the Public Accounts
  Alberta Heritage Savings Trust Fund Annual Report
  Alberta Heritage Savings Trust Fund Quarterly Reports
  Alberta Heritage Savings Trust Fund Capital Projects
    Division - Estimates of Proposed Investment
  Alberta Heritage Savings Trust Fund Capital Projects
    Division - Estimates of Proposed Investments (II)
  Alberta Heritage Savings Trust Fund Capital Projects
    Division - Supplementary Estimates of Investment (A)
  Alberta Municipal Financing Corporation Annual Report

ii The Alberta Bureau of Statistics, Data Services, (Suite 600, Park Plaza, 10611 - 98 Avenue, Edmonton, T5K 2R7) or by calling 427-3058.

TITLE	FREQUENCY
Alberta Statistical Review	Quarterly
Alberta Quarterly Population Growth	Quarterly
Alberta Economic Accounts	Annual
Alberta Population Projections	Occasional
Alberta Census Division Population Projections	Occasional

iii The Tax Information Services, Sir Frederick W. Haultain Building (9811 - 109 Street, Edmonton, T5K 2L5) or by calling 427-0712 (Alberta Zenith 22143).

Corporate Tax Administration Publications:

TITLE	FREQUENCY
An Introduction to Alberta's Corporate Income Tax	Occasional
Tax Notes	Occasional
Information Circulars	Occasional
Interpretation Bulletins	Occasional
(Tax forms and guides to their completion)	Occasional
Alberta Stock Savings Plan	Occasional

Revenue Administration Publications:

TITLE	FREQUENCY
Information Circulars (Fuel Tax Act)	Occasional
Alberta Fuel Tax	Occasional
Fuel Tax Facts for Commercial Carriers	Occasional
Alberta Farm Fuel Price Advantage	Occasional
Information Circulars (Hotel Room Tax Act)	Occasional
Information Circulars (Tobacco Tax Act)	Occasional
Alberta Tobacco Tax	Occasional

Financial Institutions Publications:

TITLE	FREQUENCY
Credit Union Bulletin	Occasional
Credit Union Information Circulars	Occasional
Trust Companies Circulars	Occasional

APPENDIX C
EXECUTIVE OF THE DEPARTMENT

as at March 31, 1990

Provincial Treasurer	**Hon. Dick Johnston**
Deputy Provincial Treasurer, Management and Control	**A.D. O'Brien**
Controller	J.D. Peters
Accounting	R.A.G. Lowen
Disbursement Control	T.W. Burns
Financial Systems	F.V. Scarfone
Payroll and Pensions	E.J. Wilcox
Policies and Procedures	M.H. Mylod
Assistant Deputy Provincial Treasurer, Budget and Fiscal Policy	L.G. Morrison
Budget Bureau	J.R.E. Goodkey
Bureau of Statistics	H.W. Ford
Tax and Fiscal Policy	G.K. Robertson
Administration	M.D. Faulkner
Deputy Provincial Treasurer, Finance and Revenue	**A.J. McPherson**
Assistant Deputy Provincial Treasurer, Finance Programs	Vacant
Finance Planning and Analysis	R.A. Bhatia
Loans and Guarantees	G.H. Kinsman
Chief Investment Officer	S.J. Susinski
Debt Securities	J.M. Husken
Equities	J.M. Campbell
Portfolio Research	R.C. Kamp
Liability Management	J. Parihar
Assistant Deputy Provincial Treasurer, Revenue	A.H. Kalke
Executive Director, Corporate Tax Administration	L.H. Landry
Audit	C.J. Calarco
Interpretations and Appeals	E.J. Ramsay
Operations	L.M.L. Rokosh
Systems	J.W.K. Parton
Financial Institutions	T.S. Stroich
Revenue Administration	L. Huisman
Tax Information Services	D.M. Russell
Banking and Cash Management	D.R. Bishop
Risk Management and Insurance	R.W. Whitehouse*
Superintendent, Alberta Treasury Branches	**A.O. Bray**
Chairman, Alberta Government Pension Boards	**J.E. Faries**

*Acting